

Response to Official Action
Application No. 09/533,088
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Amendments to the Drawings:

No amendments are made to the Drawings herein.

REMARKS

Before addressing the Examiner's rejections, Applicant would like to respectfully point out to the Examiner the following. The prior art rejections set forth in the present Office Action appear to be identical to those set forth in the Office Action dated November 4, 2004 (more than one year ago). Applicant also respectfully points out that after receiving the Office Action dated November 4, 2004, Applicant's representative requested and was granted a personal interview, the explicit basis of which, as set forth in a letter to the Examiner dated December 28, 2004, was to:

discuss your rejection of the claims, as we do not fully understand which teachings of the prior art you are asserting are equivalent to which claimed elements. Particularly, we were hoping that you could elaborate on your citation of U.S. Patent No. 5,809,483 to Broka et al., as we do not understand how the portions you cited are pertinent to the claimed elements in connection with they are cited.

Essentially, Applicant's representative believed that the cited prior art, and particularly the portions of Broka et al. cited by the Examiner, were so completely unrelated to the claimed invention, that Applicant could not even respond to the rejections in any meaningful way. Therefore, Applicant's representative thought it beneficial to discuss the rejections and the cited prior art with the Examiner so that, perhaps, some sense could be made out of the Examiner's rejections.

When Applicant's representative met with the Examiner, who was extremely courteous and kind, the Examiner could not elaborate on, defend, or explain the rejections in any way. Instead, the Examiner asked Applicant's representative to more clearly identify the novel elements of the claimed invention (which Applicant's representative did), and then informed Applicant's representative that she intended to have a comprehensive search performed directed to the identified elements. The Examiner also suggested to Applicant's representative that certain "clarifying"

amendments be made to the Specification and Claims (which Applicant did in a subsequent Amendment). Applicant respectfully submits that the Examiner's complete inability to elaborate on, defend, or explain the rejections in any way and the indication that the Examiner would have a search performed directed to the novel elements identified by Applicant's representative clearly suggested a recognition that the rejections set forth in the Office Action dated November 4, 2004 were unsustainable. Applicant was shocked to see these same rejections now "cut-and-pasted" into the outstanding Office Action.

Applicant is an individual who is attempting to start his own company. He has very limited funds, some of which he has decided to spend on availing himself of the U.S. patent system. As the Examiner is likely aware, the costs associated with prosecuting a patent are extremely high, even in the best of circumstances. In the present case, Applicant has already been required to pay the costs associated with responding to **seven** Office Actions, filing an Appeal (which, of course, resulted in prosecution being reopened), and conducting a personal interview. This is in addition to the normal costs associated with preparation and filing of a patent application, and ultimately, the costs associated with issuance. During this time, Applicant has made no amendments to the claims in order to avoid any prior art (the only amendments made were "clarifying" amendments at the suggestion of the Examiner). Moreover, after having responded to all of these Office Actions, after having filed an Appeal, and after having had a personal interview conducted (all of which has cost Applicant a tremendous amount of his personal funds), the Application is essentially where it was two and one-half years ago when the first Office Action was issued: all pending claims are subject to completely untenable rejections.

While Applicant is aware that there is currently a great reluctance among examiners in the art group to which the present application has been assigned to allow applications to issue as patents, Applicant respectfully appeals to the Examiner's sense of fairness and begs her to, if she cannot craft tenable rejections, please allow the present application to issue as a patent. Applicant has made a significant contribution to the art by inventing a new, useful and nonobvious trading system and method having several significant advantages over known systems and methods, and has paid more than his fair share to the U.S. Patent and Trademark Office. He is entitled to reap the rewards of his inventive efforts and the small fortune he has spent on prosecution to date. He deserves a patent.

Turning now to the substance of the outstanding Office Action, the Examiner has objected to Claims 1 and 54 because the Examiner apparently believes a word is missing after the word "trader" and before the words "for receiving" in the following section of the Claim 1, and similar sections of Claims 1 and 54:

software executing on said computer for receiving trader information from a trader, for retrieving said set of trader risk assessment rules from said trader rules database, and for assigning a trader risk rating to the trader based upon the received trader information and said set of trader risk assessment rules.

Applicant, however, does not understand why the Examiner believes there is a word missing. This claim element lists three functions of the pertinent software. More specifically, the software is provided: (i) for receiving trader information from a trader, (ii) for retrieving said set of trader risk assessment rules from said trader rules database, and (iii) for assigning a trader risk rating to the trader based upon the received trader information and said set of trader risk assessment rules.

Applicant has no idea what word should or could be inserted in the place

suggested by the Examiner. If the Examiner continues to believe that a word is missing, Applicant would be grateful if the Examiner could elaborate on the reasons why she believes that a word is missing, or if she could suggest a word she would like inserted.

The Examiner has rejected all claims under 35 U.S.C. §103(a) as being unpatentable over Wallman (U.S. Patent No. 6,601,044) in view of Broka et al. (U.S. Patent No. 5,809,483). Applicant respectfully requests that the Examiner reconsider these rejections in view of the following Remarks.

As described in the specification, the claimed invention relates to an improved system and method for trading financial instruments such as securities, as well as fractional portions of traded instruments, and more particularly to a system and method which applies trade-approval rules to a proposed trade so that the trader's proposed trade can be approved without manual intervention (see e.g., page 14, line 1 through page 15, line 19; Figure 2).

One of the problems associated with the current securities market relates to longstanding securities industry regulations which require that the firm through which the trade is made ensure that the trader's investing activity is suitable for that trader based upon the trader's financial situation and investing expertise. Traditionally, these regulations have been met by intermediate brokers by manually reviewing and approving each trade prior to settlement. As far as Applicant is aware, this approach continues today with known Internet-based trading systems, such as those made available by E*Trade, Charles Schwab and Fidelity, with back office staff reviewing each order and manually approving same.

Such manual review and approval increases the costs associated with securities trading.

Claims 1, 33 and 54 of the present invention are concerned with solving this problem.

More specifically, Claims 1 and 33 each require, among other elements: (i) a trader rules database having a set of trader risk assessment rules stored thereon, (ii) receiving trader information from a trader and assigning a trader risk rating to the trader based upon the received trader information and the set of trader risk assessment rules, (iii) a trade rules database accessible having a set of trade risk assessment rules stored thereon, (iv) receiving trade details from a trader for a proposed trade and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules, and (v) automatically approving the proposed trade if the trader risk rating and the trade risk rating bear a predetermined relationship to one another.

Claim 54 similarly requires, among other elements: (i) a trader rules database having a set of trader risk assessment rules stored thereon, (ii) receiving trader information from a trader and assigning a trader risk rating to the trader based upon the received trader information and the set of trader risk assessment rules, (iii) receiving trade details from a trader for a proposed trade and automatically approving the proposed trade if the trader risk rating is below a risk threshold for the proposed trade.

Neither Wallman nor Broka et al. discloses, teaches or suggests in any way at least the above-highlighted elements. Wallman discloses a system for allowing individuals and small investors to create and manage a portfolio of securities

which provides advice to a user thereof. Wallman does discloses that some of the dispensed advice may comprise a recommended asset allocation model based at least in part upon the investor's risk tolerance (the output of which is shown in Figure 3 of Wallman). However, the provision in Wallman of a suggested asset allocation model is completely different than the automated system and method for approving or disapproving proposed trades based upon the level of risk associated with the trade and information concerning the trader proposing the trade, to which the claimed invention is directed. As such, Applicant respectfully submits that is not surprising that Wallman fails to disclose, teach or suggest in any way several of the elements of Claims 1, 33 and 54, as discussed in more detail below. Broka et al. is directed to an online transaction processing system for bond trading that discloses nothing whatsoever concerning risk assessment, never mind approving or disapproving proposed trades based upon the level of risk associated with the trade and information concerning the trader proposing the trade, to which the claimed invention is directed. As such, Applicant respectfully submits that, again, it is not surprising that Broka et al fails to disclose, teach or suggest any material element of any of Claims 1, 33 or 54, as discussed in more detail below.

First, it should be noted that Claims 1 and 33 require receiving trade details from a trader for a proposed trade and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules. Claim 54 similarly requires a risk threshold for a trade proposed by a trader. Applicant respectfully submits that Wallman discloses nothing whatsoever that could even be argued as satisfying either of these highlighted requirements. Indeed, the Examiner has explicitly recognized such by stating:

Wallman failed to teach, software executing on said computer for receiving trade details from a trader for a proposed trade, for retrieving said set of trade risk assessment rules from said trade rules database, and for

assigning a trade risk rating to the proposed trade based upon the received trade details and said set of trade risk assessment rules....

Instead, the Examiner cites Broka et al. as disclosing these elements, which are not taught in any way by Wallman. Specifically, the Examiner cites column 8, lines 20-48, which states:

FIG. 4 shows how the FIPS software in hosts 210 and 220 interface with other systems through FIPS server 401. External system 410, such as a PC 230, accesses FIPS server 401 using the FIPS Application Programming Interface (API) to send IPC Messages and receive automatic updates of database changes by way of UDP broadcast messages. The API consists of a data communication standard for exchanging messages with the FIPS application host and a definition of the message contents.

IPC messages are messages which define specific services and functions to be performed, and includes the data necessary for hosts 210 and 220 to complete the service or function.

FIPS workstations 230 access FIPS server 501 using a GUI interface. This is described in more detail below.

Equity system 254 reports bond trades to and receives replies about the trades from server 401 using CTCI connection 252. The connection is by way of "in" CTCI messages and "out" CTCI messages.

BQDS 420 interfaces with FIPS server 401 to obtain BQDS records. BQDS then provides these records to market data vendors, who disseminate to end users including investors, dealers, and the like.

CBCS 430 interfaces with FIPS server 401 to monitor database changes using UOW log records. Persons interested in analyzing bond trading can access CBCS 430 for trading information.

The Examiner also cites column 9, lines 17-30, which states:

On rare occasions, a request for a full download of data will be needed, usually to initialize or synchronize a Market Data Vendor's database. All requests by vendors for retransmission of current data are handled by a process on the Equity system. A program will be run as needed to scan the FIPS database and build the BQDS download file consisting of all quotes and inside information.

FIPS workstation service 120 transmits the UDP broadcast to the FIPS workstation user 210 over a GUI interface, and exchanges IPC messages with communication service 144. Communication service 144 also receives IPC messages from external system 410, and exchanges IPC messages with FIPS server 401.

FIPS server 401 exchanges records with FIPS databases 520.

The Examiner further cites column 9, lines 46-67 and column 10 , lines 1-34, which states:

FIG. 7 illustrates the relationships between the various database files for some FIPS functions including trades 710, participants 720, issues 730, quotes 740, system administration 750, and infrastructure 760.

In trades function 710, trade table 711, contains information about specific trades and trade summary table 712 contains a summary of the different trades. The participant symbol information in trade table 711 is in participant table 722 of participants function 720, and the issue symbol information in trade table 711 and trade summary table 712 is in issues table 732 in issues function 730.

Participant symbol information in participant table 722 is also in user table 721, which contains information about FIPS users, participant timer table 723, which contains information about times in the future when users are suspended from FIPS activity, participant issue timer 724, which contains information about the times particular bonds are active and inactive, and participant issues suspension table 725, which contains information regarding when a participant is suspended from activity in a particular issue. Tables 721, 722, 723, 724, and 725 are all in participant function 720.

Participant symbol information in participant table 722 is also in dealer registration table 741, which contains information about dealers within the FIPS system, and quote table 742, which contains information about particular quotes. Dealer registration table 741 and quote table 742 are in quotes function 740. Those tables also have issue symbols from issue table 732.

Issue table 732 is in issues function 730 along with issue timer table 733 and Standard & Poors Staging file 732. Issue table 732 contains information

about FIPS hardware, and issue timer table 733 contains information about when certain issues are active. The issues symbol information in issue table 732 is for issue timer 733, participant issue suspension table 725 and participant issue timer 724.

Infrastructure functions 760 includes session control table 761, which contains information about information about individual login sessions for particular users, station table 762, which contains information about which users are associated with particular workstations, hosts table 764, which contains information about lists of addresses for each participant used for broadcast messages and queue table 763, which contains about all current messages being broadcast. Station table 762 uses the participant symbol data in participant table 722, and session control table 761 includes the user ID information in user table 721.

System administration function 750 includes service timer table 751, which contains information about times during which services are active, statistics table 752, which contains information about general system statistics such as number of users, trades and quotes, news table 752, which contains all past system news messages, and service status table 754, which contains information about the current status of particular services. Service status table 754 and service timer table 751 use the same service type information.

Even after reading Broka et al. numerous times, both as a whole and focusing on the above portions thereof cited by the Examiner, Applicant is at a complete loss as to how the Examiner could possibly consider Broka et al. as disclosing, teaching or suggesting in any way receiving trade details from a trader for a proposed trade and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules, and/or a risk threshold for a trade proposed by a trader. Applicant simply cannot comprehend how it can even possibly be argued that Broka et al. discloses, teaches or suggests these limitations. This is the primary reason that Applicant requesting a personal interview between Applicant's representative and the Examiner, at which personal interview, as discussed above, the Examiner was

completely unable to elaborate on, defend, or explain citation of Broka et al. in any way.

Moreover, it should be noted that Claims 1 and 33 require automatically approving the proposed trade if the trader risk rating and the trade risk rating bear a predetermined relationship to one another, while Claim 54 similarly requires automatically approving the proposed trade if the trader risk rating is below a risk threshold for the proposed trade. Applicant respectfully submits that Wallman discloses nothing whatsoever that could even be argued as satisfying either of these highlighted requirements. Indeed, the Examiner has explicitly recognized such by stating:

Wallman failed to teach ... software executing on said computer for automatically approving the proposed trade if the customer risk rating and the trade risk rating bear a predetermined relationship to one another.

Instead, the Examiner again cites Broka et al. as disclosing these elements, which are not taught in any way by Wallman. Specifically, the Examiner cites column 10, lines 42-57, which states:

User-message windows display general status or application information. The specific types of messages are Information, Question/warning, Help/warning, Error, or Host transaction messages. Information messages require no user interaction and provide information about what the workstation is doing. Question/warning messages warn users of potential errors and perform a "double check" with the user before an action takes place by requiring acknowledgment or rejection before the action may take place. Help/warning messages describe errors such as invalid user input and do not require a specific response. Error messages are more severe than warnings and usually indicate workstation problems. Host transaction messages provide information regarding host transactions and communications as well as Host generated errors. These messages are maintained in a list that the user can review.

The Examiner also cites column 11, line 25 - column 12, line 37, which states:

A user chooses Enter Trade Report function 1110 if the user is a participant in a bond trade transaction since such a user must enter the results of the trade into FIPS. The data to be captured and validated for a report includes participants, issue, price, quantity, date of trade, and time of trade. Access to individual trade reports is limited to the NASD compliance group members and the trader participant who entered the trade report. Once the user selects the enter trade report function, FIPS presents the user with a window appropriate to the type of user.

If the user is a dealer, FIPS supplies the Enter Trade Report window 1200 shown in FIG. 12. Window 1200 allows dealers to input the necessary information about a trade, including quantity, price, the other party to the trade, the type of trade, the execution date and time of the trade, and the capacity of the dealer.

Next, the user selects either a Buy or Sell trade report using button 1281 for a buy report, and button 1282 for a sell report. Buttons 1281 and 1282 appear in side box 1280. If user is a dealer, the default trade type is "sell."

The user then enters the face value amount of the transaction in thousands of dollars in quantity field 1220, and the price of the trade in price field 1230.

FIPS compares the entered price in field 1230 with the current inside bid and ask. If the price is not within 10%, FIPS sets a software flag for users who monitor the market for compliance with SEC regulations.

Users enter into Contra field 1240 a participant symbol to identify the other party to the trade. If the user inputs its own participant symbol in contra field 1240, FIPS rejects the symbol as invalid. If the other party to the trade is a FIPS participant, then the user must enter the other party's symbol. If the other party is not a FIPS user, then the user enters a 'C' in the Contra field 1240. If the user does not know the Contra code or FIPS symbol, the user must use the directory services described below to obtain the symbol or Contra code.

FIPS generates a report date for each trade report. The report date is the date when FIPS records the entered trade report. Users may override this date by filling in the As-Of-Date field 1250. If users enter a date in field 1250, they must also enter an execution time in Exec Time field 1260.

The user must select one of three capacity types in box 1270. If the user is acting as a dealer, the user selects principal button 1271. If the user is

acting as a broker, he selects agent button 1272. If the user is acting as a riskless principal, he selects R/L principal button 1273. A riskless principal is a user who buys and sells an equal number of a particular issue at the same time.

Once host 210 accepts the trade, the FIPS software sends an acknowledgment for display in a host transaction window (not shown). If the FIPS software rejects the trade report because of an invalid field, the FIPS software generates a message for display in a warning window (not shown).

Brokers also enter trades by selecting the Enter Trade Report function 1110 from menu 1100, however they are presented with a different Enter Trade Report window 1300 as shown in FIG. 13. The use of the broker Enter Trade Report window 1300 is similar to that of the dealer Enter Trade Report window 1200.

First, the broker enters a symbol into field 1310. Next, the broker fills in information regarding the trade reports for that bond in the appropriate fields which generally have the same functions as the equivalent fields in the dealer's Enter Trade Report window 1200.

There are certain differences, however. For each sell trade report, the user enters data in a line of fields in the Sell Side fields 1320, and for each buy trade report, the user enters data in a line of fields of the Buy Side fields 1330. If the broker is acting as a riskless principal, all price fields for a given issue must be the same. In addition, the user must select a Capacity from the list box 1340 for each trade report.

After the broker selects the OK command button 1350, the system ensures the sum of the quantities on the Buy Side equals the sum of the quantities on the Sell Side. If the sums are not equal, the broker receives a Question/Warning message that requires a response, but the broker may still cause FIPS to process the trade.

Again, even after reading Broka et al. numerous times, both as a whole and focusing on the above portions thereof cited by the Examiner, Applicant is at a complete loss as to how the Examiner could possibly consider Broka et al. as disclosing, teaching or suggesting in any way automatically approving the proposed trade if the trader risk rating and the trade risk rating bear a

predetermined relationship to one another, and/or automatically approving the proposed trade if the trader risk rating is below a risk threshold for the proposed trade. Applicant simply cannot comprehend how it can even possibly be argued that Broka et al. discloses, teaches or suggests these limitations. Again, this is the primary reason that Applicant requesting a personal interview between Applicant's representative and the Examiner, at which personal interview, as discussed above, the Examiner was completely unable to elaborate on, defend, or explain citation of Broka et al. in any way.

Thus, since neither Wallman nor Broka et al. discloses, teaches or suggests in any way the above-discussed claim limitations, Applicant respectfully submits that any hypothetical system resulting from a combination thereof would not satisfy these limitations.

Moreover, it is well settled that the mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination or modification. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990).

In the present case, the Examiner contends that it would have been obvious to have combined Wallman with Broka et al. to arrive at the present invention, as claimed. The reason given by the Examiner for such a combination/modification is that:

such a modification would allow Wallman to have a menu bar with a variety of functions where a user can select an item on the menu bar and the host accepting the trade with the FIPS software sending an acknowledgement for display of the transaction.

However, with all due respect to the Examiner, Applicant respectfully submits that this statement makes absolutely no sense. Applicant cannot understand what the

Examiner is stating is the desired result being sought, and cannot even guess as to how the present invention, as claimed, could achieve such a result. What does automating the approval of securities trades have to do with a menu bar or sending an acknowledgement for display of a transaction?

The purpose of the of the claimed invention is to obviate the necessity for intermediate brokers to manually review and approve each trade prior to settlement in order to satisfy securities industry regulations which require that the firm through which the trade is made ensure that the trader's investing activity is suitable for that trader based upon the trader's financial situation and investing expertise. Applicant respectfully submits that neither Wallman nor Broka et al. even hints at such functionality, and that therefore, there is no motivation provided in either reference to make the substantial modifications which would be required to arrive at the present invention, as claimed.

For the foregoing reasons, Applicant respectfully submits that all pending claims, namely Claims 1-8, 33-37 and 54-58, are patentable over the references of record, and earnestly solicits allowance of the same.

Respectfully submitted,



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